

**OTTAWA  
CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

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Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Ottawa Conservation District</b>		LOCAL AUDIT & FINANCE DIV. <b>Ottawa</b>	
Audit Date <b>9/30/04</b>	Opinion Date <b>11/2/04</b>	Date Accountant Report Submitted to State: <b>12/22/04</b>			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>Hendon &amp; Slate PC</b>			
Street Address <b>711 W Main</b>		City <b>Fremont</b>	State <b>MI</b>
Accountant Signature <i>Jodi DeKruiper, CPA</i>		ZIP <b>49412</b>	Date <b>12/22/04</b>

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## OTTAWA CONSERVATION DISTRICT

### List of Principal Individuals

<u>Board Members</u>	<u>Position</u>
William Miller	Chairman
Timothy Redder	Vice-Chairman
Lester Langeland	Secretary/Treasurer
Victor Nienhuis	Member
Paul Sachs	Member

# HS & Companies



November 2, 2004

**Hendon & Slate, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



Board of Directors  
Ottawa Conservation District  
Grand Haven, MI 49417

## Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities of Ottawa Conservation District, as of and for the year ended September 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ottawa Conservation District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As noted in Note C of the Notes to the Financial Statements, the District has not adopted an annual budget in compliance with the State of Michigan Uniform Budgeting Manual. This departure from GAAP has no effect on the financial statements other than measuring the budget to actual variance.

In our opinion, except for omitting budgeted amounts as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Ottawa Conservation District, as of September 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, Ottawa Conservation District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of September 30, 2004.

The management's discussion and analysis on pages 4 through 5 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of

**Fremont**  
711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

**Muskegon**  
950 W. Norlion Ave.  
Suite 500  
Muskegon, MI 49441  
Phone (231) 733-0076  
Fax (231) 733-0185

**Hart**  
2332 North Comfort Drive  
Hart, MI 49420  
Phone (231) 873-3611  
Fax (231) 873-7033

**Whitehall**  
116 W. Colby, Suite B  
Century Building  
Whitehall, MI 49461  
Phone (231) 893-6772  
Fax (231) 893-6773

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November 2, 2004

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management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ottawa Conservation District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Hendon & Slate, P.C.*

Hendon & Slate, P.C.

Certified Public Accountants

**OTTAWA CONSERVATION DISTRICT**  
**Management's Discussion and Analysis**  
**September 30, 2004**

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements.

**The District as a Whole**

The District's net assets increased 23% from two years ago – increasing from \$115,984 to \$142,553. 4% of this increase is from the addition of the fixed assets under the new GASB 34 reporting model. The other increases are in cash and accounts receivable. In a condensed format the table below shows a comparison of the net assets as of September 30<sup>th</sup>. (In future years, when prior year information is available, a comparative analysis of government wide data will be presented):

	<u>2004</u>
Current Assets	\$ 169,732
Noncurrent Assets	<u>4,421</u>
Total Assets	174,153
Total Current Liabilities	<u>31,600</u>
Total Net Assets	<u>\$ 142,553</u>

Net assets decreased by \$3,336 or approximately 2% of total net assets. The following table shows the changes in net assets:

	Governmental Activities <u>2004</u>
Program Revenues	
Charges for Services	\$ 34,811
Operating Grants	219,650
General Revenues	
Interest	1,530
Miscellaneous	<u>826</u>
Total Revenues	256,817
Program Expenses	
Operations	70,814
Groundwater Stewardship	57,664
Forestry Assistance	34,817
MAEAP Program	39,229
Gypsy Moth Program	31,389
Reforestation Projects	21,259
Newsletter	2,661
Depreciation	<u>2,320</u>
Total Expenses	<u>260,153</u>
Change in Net Assets	<u>\$ (3,336)</u>

## Management's Discussion and Analysis (Continued)

Total net assets continues to be healthy. There is approximately a six month operation cushion.

### **MDA Cost Allocation**

During 2004, MDA required employee wages and fringes to account for 82.5% of grant expenditures. This leaves only 17.5% to cover all administrative costs. This change has forced the administrator's wages to be included in administration along with other expenditures such as telephone, mileage, equipment, training, etc. It will now be harder for the District to cover all of its administrative costs because less can be charged against the grants.

### **Ottawa County Funding**

In fiscal year 2004, the District received \$20,000 in operating grants from Ottawa County. For 2005, the District requested \$17,000. However, the County only approved \$10,000 and gave notice that future monies may not be available. Because of the budget crisis at the state and local levels, this funding is uncertain for future years.

### **New Funding Sources**

The District is attempting to find new revenue sources in the wake of the budget cuts. The District added a fall tree sale. This sale does not gross as much as the spring sale, however, it has generated revenues of \$3,000 in the fall of 2003 and 2004. Also, the District has received some smaller grants such as the Alcoa White Pines Project. The District will continue to explore new funding opportunities to supplement the monies lost from the other funding sources.

### **Contracting the District's Management**

This financial report is intended to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the District Administrator.



# OTTAWA CONSERVATION DISTRICT

## Government Wide Statement of Net Assets September 30, 2004

	Governmental <u>Activities</u>
<b>ASSETS</b>	
Cash	\$ 106,922
Accounts Receivable	62,601
Inventory	209
Office Equipment	9,476
Accumulated Depreciation	<u>(5,055)</u>
Total Assets	174,153
 <b>LIABILITIES</b>	
Accounts Payable	1,060
Payroll and Sales Tax Liabilities	4,917
Accrued Vacation	3,746
Deferred Revenue	<u>21,877</u>
Total Liabilities	<u>31,600</u>
 <b>NET ASSETS</b>	
Unrestricted	<u>\$ 142,553</u>

The Notes to the Financial Statements are an integral part of this statement.

# OTTAWA CONSERVATION DISTRICT

## Government Wide Statement of Activities September 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u> <u>Revenue and Changes</u> <u>In Net Assets</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary Government					
Operations	\$ 70,814	\$ -	\$ 30,777	\$ -	\$ (40,037)
Groundwater Stewardship	57,664	-	71,968	-	14,304
Forestry Assistance	34,817	-	39,438	-	4,621
MAEAP Program	39,229	-	49,914	-	10,685
Gypsy Moth Program	31,389	-	27,553	-	(3,836)
Reforestation Projects	21,259	33,216	-	-	11,957
Newsletter	2,661	1,595	-	-	(1,066)
Total Depreciation	<u>2,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,320)</u>
Total Primary Government	<u>\$ 260,153</u>	<u>\$ 34,811</u>	<u>\$ 219,650</u>	<u>\$ -</u>	<u>\$ (5,692)</u>

General Revenues	
Interest Income	\$ 1,530
Miscellaneous	<u>826</u>
Total General Revenues	<u>2,356</u>
Change in Net Assets	(3,336)
Net Assets - October 1, 2003	<u>145,889</u>
Net Assets - September 30, 2004	<u>\$ 142,553</u>

The Notes to the Financial Statements are an integral part of this statement.

**OTTAWA CONSERVATION DISTRICT**

**Governmental Fund Balance Sheet  
September 30, 2004**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash	\$ 106,922
Accounts Receivable	62,601
Inventory	<u>209</u>
Total Assets	<u><u>\$ 169,732</u></u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,060
Payroll and Sales Tax Liabilities	4,917
Deferred Revenue	<u>21,877</u>
Total Liabilities	27,854
<b>FUND BALANCES</b>	
Unreserved	<u>141,878</u>
Total Liabilities and Fund Balance	<u><u>\$ 169,732</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# OTTAWA CONSERVATION DISTRICT

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets September 30, 2004

Total Government Fund Balances \$ 141,878

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Assets	9,476	
Governmental Accumulated Depreciation	<u>(5,055)</u>	4,421

Compensating absences (vacation and sick pay) are recorded in the government-wide statements if they are 1) attributable to services already rendered and 2) are not contingent on a specific event (such as illness). However, these amounts are not recorded in the governmental funds until paid.

Accrued Vacation	<u>(3,746)</u>
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Total Net Assets - Governmental Activities: \$ 142,553

The Notes to the Financial Statements are an integral part of this statement.

# OTTAWA CONSERVATION DISTRICT

## Statement of Revenue, Expenditures and Changes in Fund Balance September 30, 2004

	<u>Actual</u>
<b>Revenues</b>	
MDA Operating Grant	\$ 20,000
County Operating Grant	10,777
Groundwater Stewardship Program	71,968
Forestry Assistance	39,438
MAEAP Program	49,914
Gypsy Moth Program	27,553
Reforestation Project	33,216
Interest Income	1,530
Miscellaneous	<u>2,422</u>
Total Revenues	256,818
 <b>Expenditures</b>	
Administrative	69,056
Groundwater Stewardship Program	56,614
Forestry Assistance	35,243
MAEAP Program	39,509
Gypsy Moth Program	31,389
Reforestation	21,259
Miscellaneous	2,661
Capital Outlay	<u>3,598</u>
Total Expenditures	<u>259,329</u>
 Excess Revenues Over (Under) Expenditures	(2,511)
 Fund Balance - October 1, 2003	<u>144,389</u>
 Fund Balance - September 30, 2004	<u>\$ 141,878</u>

The Notes to the Financial Statements are an integral part of this statement.

## OTTAWA CONSERVATION DISTRICT

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities September 30, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ (2,511)
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Amounts reported for governmental activities in the statement  
of activities are different because:

The acquisition of capital assets are reported in the governmental  
fund as expenditures. However, for governmental activities those  
costs are shown in the statement of net assets and allocated over  
their estimated useful lives as annual depreciation expenses in the  
statement of activities.

Capital outlay reported in governmental fund statements	3,598
Capital outlay reported as expenses in statement of activities	(370)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) assets.	
Depreciation expense reported in the statement of activities	(2,320)

Vacation pay is not recorded as an expenditures in the governmental  
fund until paid. However, vacation is recorded when earned.

Vacation expense recorded in the government-wide statements	(1,733)
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Change in Net Assets - Governmental Activities	<u>\$ (3,336)</u>
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The Notes to the Financial Statements are an integral part of this statement.

## OTTAWA CONSERVATION DISTRICT

Notes to the Financial Statements  
September 30, 2004

### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ottawa Conservation District (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Ottawa Conservation District:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

#### A. Reporting Entity

The Ottawa Conservation District is governed by an elected five member board.

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenue.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**Grants Receivable** - The Ottawa Conservation District receives grant revenues based upon a reimbursement plan. Thus, expenditures are incurred then remitted to the State for reimbursement. At September 30, 2004, \$49,960 was yet to be received.

**Gypsy Moth Receivable** - The Townships and Ottawa County are billed for the Gypsy Moth Program after the services have been performed. As of September 30, 2004, \$13,393 in billings were yet to be received.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**Deferred Revenue** - Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grants	\$ -	\$ 21,877

#### D. Assets, Liabilities, and Net Assets or Equity

**Bank Deposits and Investments** - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Based on past experience, uncollectible receivables are \$0.

**Inventories** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Capital Assets** - Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by



the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Vehicles	7 years
Office Equipment	5 years
Computer Equipment	3 years

Compensated Absences (Vacation and Sick Leave) - It is the District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the District does not pay any amounts unless employees retire from the District. All vacation pay is accrued when incurred in the government-wide financial statements.

#### NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are not being adopted on a basis consistent with generally accepted accounting principles. The accounting manual provided by Michigan Department of Agriculture states the District must follow the Uniform Budgeting Manual provided by the State of Michigan for Local Units of Government. Currently this format is not being followed and therefore budgeting information will not be included as part of the financial statements.

The District does not utilize encumbrance accounting.

Excess of Expenditures Over Appropriations in Budgeted Funds - Because the District has not presented a budget in conformity with GAAP and this information is not presented in the financial statements, the District is unable to determine any excess expenditures over the operating budget.

#### NOTE C DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the District to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The District is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Notes to the Financial Statements (Continued)

The District Board has designated one bank for the deposit of District funds. As of the audit date, the District does not have an investment policy as required by Public Act 196 of 1997; however, the District has only deposits in banks, but not the remainder of State statutory authority as listed above.

The District's deposits are in accordance with statutory authority.

NOTE D CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets Being Depreciated				
Office Equipment	\$ 6,248	\$ 3,228	\$ -	\$ 9,476
Accumulated Depreciation	<u>(2,735)</u>	<u>(2,320)</u>	<u>-</u>	<u>(5,055)</u>
Capital Assets Net of Depreciation	<u>\$ 3,513</u>	<u>\$ 908</u>	<u>\$ -</u>	<u>\$ 4,421</u>

NOTE E RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE F DEPOSITS

All deposits are held at Bank One and are carried at cost. The District holds the accounts in its own name. The funds of the District are insured under FDIC regulations as set forth in section 330.8(2).

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value Amount</u>
Checking	\$ 18,252	\$ 3,238
Savings	<u>87,993</u>	<u>116,656</u>
Total Deposits	<u>\$ 106,235</u>	<u>\$ 119,894</u>

Cash on Hand - The District holds \$100 in a petty cash fund which is used to make change and small purchases.

# H&S Companies

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**Hendon & Slate, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS



December 7, 2004

Ottawa Conservation District  
16731 Ferris Street  
Grand Haven, MI 49417

Dear Board Members:

We would like to thank you for having this opportunity to provide our auditing services. We would also like to thank the staff for the courtesy they extended during the audit engagement.

## Books and Records

The books and records were in pretty good shape. Most of the issues that were discovered relate to the software and its capabilities. We would like to recommend that the bank accounts are reconciled as soon as possible. Also, we would like to recommend creating a policy where checks that have been outstanding for a certain period of time, say six months, are voided. This will ensure the checking and savings accounts stay current.

## Undeposited Funds

The software system uses an "undeposited funds" account to account for monies that have come in but not deposited. Then, when a deposit is made, that amount moves to the savings account. Essentially this account should be \$0 after a deposit is made. However, during the 2004 fiscal year, this account never reached \$0. This means at any given time all the monies received have not been deposited (according to the accounting system). We would like to recommend that each time a deposit is made, it is for all the monies received (excluding a petty cash account that will remain unchanged). Thus, creating a \$0 balance in the undeposited funds account after each deposit. This will help insure all monies are being deposited in a timely fashion.

## Budgeting

According to the MDA Accounting Manual, budgets are required to comply with the Michigan Department of Treasury Uniform Budgeting Manual. Section 15 states "the recommended budget for the general fund and special revenue funds must include for each fund

- actual revenues and expenditures for the most recent completed year
- estimated revenue and expenditures for the current fiscal year
- an estimate of revenues and expenditures in the next fiscal year.

**Fremont**  
711 West Main Street  
Fremont, MI 49412  
Phone (231) 924-6890  
Fax (231) 924-4088  
Toll Free (800) 924-6891

**Muskegon**  
950 W. Norton Ave.  
Suite 500  
Muskegon, MI 49441  
Phone (231) 733-0076  
Fax (231) 733-0185

**Hart**  
2332 North Comfort Drive  
Hart, MI 49420  
Phone (231) 873-5611  
Fax (231) 873-7033

**Whitehall**  
116 W. Colby, Suite B  
Century Building  
Whitehall, MI 49461  
Phone (231) 893-6772  
Fax (231) 893-6773

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December 7, 2004

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- beginning and ending fund balance for each year
- an estimate of the amounts needed for deficiency, contingent, or emergency purposes
- other data relating to fiscal conditions that the chief administrative officer considers to be useful in considering the financial needs of the District.
- the total estimated expenditures, including an accrued deficit, in the budget shall not exceed the total estimated revenues, including an available unappropriated surplus and the proceeds from bonds or other obligations issued under the fiscal stabilization act or the balance of the principal of these bonds or other obligations.

Also, in addition to the above, it is helpful to include two more columns that will be used throughout the year. These include a column for amendments and a column for the final amended budget. Attached is an example for the 2004-2005 budget. By following this format, the District will comply with the MDA Accounting Manual and will help the Board in preparing and amending the budget.

Again, we would like to thank you for this opportunity. If you have any questions or concerns, please contact our office.

Respectfully submitted,



Jodi A. DeKuiper, CPA  
Hendon & Slate, P.C.  
Certified Public Accountants

Enclosures

# OTTAWA CONSERVATION DISTRICT

## Sample Budget

Fiscal Year End September 30, 2005

	Actual	Actual		
	2002-2003	Projected	2004-2005	Final
<b>Revenues</b>		2003-2004		2004-2005
MDA Operating Grant	\$ 18,845.30	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
County Operating Grant	21,128.00	10,000.00	10,000.00	10,000.00
Groundwater Stewardship Program	50,408.49	70,968.00	65,000.00	65,000.00
Forestry Assistance	33,041.42	38,438.00	38,000.00	38,000.00
MAEAP Program	62,595.99	38,914.00	27,000.00	27,000.00
New Grant	-	-	10,000.00	10,000.00
Gypsy Moth Program	-	26,553.00	24,000.00	24,000.00
Reforestation Project	29,059.70	32,216.00	33,000.00	33,000.00
Interest Income	1,485.73	530.00	730.00	730.00
Miscellaneous	2,725.71	2,122.00	2,500.00	2,500.00
Total Revenue	<u>219,290.34</u>	<u>239,741.00</u>	<u>230,230.00</u>	<u>230,230.00</u>
<b>Expenditures</b>				
Administrative	78,697.22	69,156.00	65,000.00	65,000.00
Groundwater Stewardship Program	40,989.18	55,614.00	65,000.00	65,000.00
Forestry Assistance	35,341.02	34,234.00	38,000.00	38,000.00
MAEAP Program	24,137.86	38,509.00	27,000.00	27,000.00
New Grant	-	-	10,000.00	10,000.00
Gypsy Moth Program	-	30,389.00	22,000.00	22,000.00
Reforestation Project	14,701.30	20,259.00	30,000.00	30,000.00
Miscellaneous	-	2,600.00	1,000.00	1,000.00
Capital Outlay	730.00	3,498.00	500.00	500.00
Total Expenditures	<u>194,596.58</u>	<u>254,259.00</u>	<u>258,500.00</u>	<u>258,500.00</u>
Excess Revenue Over (Under) Expenditures	24,693.76	(14,518.00)	(28,270.00)	(28,270.00)
Fund Balance - Beginning	<u>89,695.24</u>	<u>144,389.00</u>	<u>129,871.00</u>	<u>129,871.00</u>
Fund Balance - Ending	<u>\$ 114,389.00</u>	<u>\$ 129,871.00</u>	<u>\$ 101,601.00</u>	<u>\$ 101,601.00</u>